

**CITY OF WAVERLY, KANSAS**

**Financial Statements for the  
Year Ended December 31, 2016  
And Independent Auditors' Report**

# CITY OF WAVERLY, KANSAS

## TABLE OF CONTENTS

	<b>Page</b>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Cash Receipts, Expenditures and Unencumbered Cash	3
Notes to Financial Statement	4 - 13
SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures - Actual and Budget	14
General Fund - Schedule of Cash Receipts and Expenditures - Actual and Budget	15
Special Highway Fund - Schedule of Cash Receipts and Expenditures - Actual and Budget	16
Economic Development Fund - Schedule of Cash Receipt and Expenditures - Actual and Budget	17
Park and Recreation Fund - Schedule of Cash Receipts and Expenditures - Actual and Budget	18
Water Fund - Schedule of Cash Receipts and Expenditures - Actual and Budget	19
Water Reserve Fund - Schedule of Cash Receipts and Expenditures - Actual	20
Sewer Fund - Schedule of Cash Receipts and Expenditures - Actual and Budget	21
Solid Waste Fund - Schedule of Cash Receipts and Expenditures - Actual and Budget	22
Capital Improvement Fund - Schedule of Cash Receipts and Expenditures - Actual	23
Equipment Reserve Fund - Schedule of Cash Receipts and Expenditures - Actual	24
Infrastructure Fund - Schedule of Cash Receipts and Expenditures - Actual and Budget	25
Heck Addition Fund - Schedule of Cash Receipts and Expenditures - Actual and Budget	26
OTHER INFORMATION:	
Schedule of Statistics	27
Mayor and City Council Listing	28
Schedule of Insurance in Force	29

***Stephen M. Connelly, CPA, PC***

PO Box 25528

Kansas City, MO 64119

816.718.9977

www.stephenmconnellycpa.com

**INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and City Council  
City of Waverly, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Waverly, Kansas (City), as of and for the year ended December 31, 2016 and the notes to the financial statement.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Kansas Municipal Audit and Accounting Guide (KMAAG) as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and KMAAG. Those standards and the guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As describe in Note 1 of the financial statements, the financial statements are prepared by the City of Waverly, Kansas (City) to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of KMAAG, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

*Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Waverly, Kansas as of December 31, 2016, or changes in financial position and cash flows thereof for the year then ended.

*Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statements referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Waverly, Kansas as of December 31, 2016, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of KMAAG described in Note 1.

*Report on Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances as a whole. The summary of regulatory basis expenditures – actual and budget and individual fund schedules of regulatory basis receipts and expenditures – actual and budget, are presented for purposes of additional analysis and are not a required part of the financial statements, however are required to be presented under the provisions of KMAAG. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The "Other Information" on pages 27 - 29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, therefore, we express no opinion on it.



March 31, 2017

**CITY OF WAVERLY, KANSAS**

**STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNEMCUMBERED CASH  
YEAR ENDED DECEMBER 31, 2016**

	<b>Beginning Cash Balance</b>	<b>Cash Receipts</b>	<b>Cash Expenditures</b>	<b>Ending Cash Balance</b>
Governmental Funds:				
General Fund	\$ 113,219	\$ 198,183	\$ 174,020	\$ 137,382
Special Highway Fund	22,900	15,017	15,611	22,307
Economic Development Fund	121,751	25,200	14,585	132,366
Park & Recreation Fund	427	32,493	31,715	1,204
Capital Improvement Fund	243,017	10,000	5,040	247,977
Equipment Reserve Fund	78,675	16,000	18,079	76,596
Infrastructure Fund	618,860	127,436	69,158	677,138
Heck Addition Fund	1,665	1,200	1,904	960
Proprietary Funds:				
Water Fund	75,666	149,445	162,254	62,857
Water Reserve Fund	121,732	6,268	-	128,000
Sewer Fund	77,484	52,959	61,584	68,859
Solid Waste Fund	30,853	41,724	62,400	10,177
Total Reporting Entity	\$ <u>1,506,248</u>	\$ <u>675,925</u>	\$ <u>616,350</u>	\$ <u>1,565,823</u>
Less Transfers		<u>3,000</u>	<u>3,000</u>	
		\$ <u>672,925</u>	\$ <u>613,350</u>	
COMPOSITION OF CASH:				
First National Bank				\$ 314,497
Certificates of Deposit				1,251,251
Petty Cash				75
				\$ <u>1,565,823</u>

# CITY OF WAVERLY, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Basis of Presentation - Fund Accounting - The accounts of the City of Waverly, Kansas are organized on the basis of funds, each of which is considered a separate accounting entity.

The following types of funds comprise the financial activities of the City for 2016.

Governmental funds:

General fund - to account for all unrestricted resources except those required to be accounted for in other funds or account groups.

Special purpose funds - to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulation.

Capital project funds - to account for major capital expenditures.

Debt service funds - to account for the payment of interest and principal on long-term general debt obligation.

Proprietary funds:

Enterprise funds - to account for operations that are financed and operated in a manner similar to business enterprises, where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

- b. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America - The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above. The City had no material encumbrances at December 31, 2016.
- c. GAAP Waiver - The City has approved a resolution that is in compliance with K.S.A. 75-1120a( c ) waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

d. Budgetary Information - Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year ended December 31, 2016.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the cash basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital project funds.

Spending in funds that are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

## 2. DEPOSITS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

Under K.S.A 12-1675, the City is limited in the type of investments it may engage in; primarily certificates of deposit, savings accounts, U.S. Treasuries, Kansas Municipal Investment Pool, and money market accounts. All these investments are considered low risk. The cost approximates market value. The City has no other policies that would further limit its investment choices.

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2016.

At year-end the carrying amount of the City's deposits was \$1,565,823 and the bank balance was \$1,578,886. The differences between the carrying amount and the balance are outstanding checks and deposits in transit.

### 3. CERTIFICATES OF DEPOSIT

The following represents a listing of the certificates of deposit at December 31, 2016:

	Maturity Date	Interest Rate	Amount
First National Bank	3/17/2018	0.72%	\$ 59,758
First National Bank	4/23/2017	0.49%	88,381
First National Bank	4/10/2017	0.40%	67,511
First National Bank	5/9/2017	0.54%	56,039
First National Bank	8/31/2017	0.44%	52,516
First National Bank	8/31/2017	0.44%	52,516
First National Bank	12/3/2017	0.82%	252,085
First National Bank	12/3/2018	0.50%	252,513
First National Bank	12/3/2017	0.50%	119,933
First National Bank	7/7/2018	0.61%	<u>250,000</u>
			<u>\$ 1,251,251</u>

### 4. TAXES

**Property Taxes** – The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the following year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes are due December 20, prior to the fiscal year for which they are budgeted, and the second half is due the following May 10.

**Motor Vehicle Taxes** – Since 1981 most motor vehicles became subject to a special tax paid at the time of registration instead of the traditional property tax. In 1995, the legislature enacted a five-year phase down in the assessment rate on motor vehicles, from 30% to 20% of market value.



In 2016, the City received the following from county and state taxes:

	General Fund	Special Highway Fund	Total
Property Taxes	\$ 112,675	\$	\$ 112,675
Delinquent Taxes	1,675		1,675
Motor Vehicle Taxes	17,451		17,451
State Highway Aid		15,017	15,017
	<u>\$ 131,801</u>	<u>\$ 15,017</u>	<u>\$ 146,818</u>

The assessed valuation in 2015 was \$2,484,879, which was used to determine the mill levy for 2016. The mill levy was 48.701 for 2016.

## 5. UTILITIES

The City provides water, sewer, and solid waste services. The City reads the meters at the end of each month and mails their utility bills on the first Monday of each month for the previous month's service. The utility bills are due by the 15<sup>th</sup> day of the following month. Payments received after the 15<sup>th</sup> are subject to a late charge of 10% on the current month's activity. Whenever payment is not made by the due date, the city shall have the right to terminate water service after notice and hearing.

The City requires, at the time of making application for utility service, the property owner or customer shall make a cash deposit in the amount of \$100 set by the governing body to secure payment of accrued bills or bills due on discontinuance of service.

The amount due to the City for utility services as of December 31, 2016 was \$20,540, of which \$18,404 is related to the December billings (due January 15, 2017). The amount due to customers for utility deposits as of December 31, 2016 was \$3,900.

Utility Rates as of December 31, 2016 are as follows:

***Water Rates:***

Minimum charge	\$21.00 includes 1,000 gallons
Next 9,000 gallons	\$9.75 per 1,000 gallons
Over 10,000 gallons	\$9.30 per 1,000 gallons
Reserve amount	\$2.00 per meter

***Sewer Rates:***

Minimum charge	\$13.80 includes 2,000 gallons
Excess of 2,000 gallons	\$2.50 per 1,000 gallons
Maximum charge	\$30.00

***Solid Waste:***

Monthly charge	\$16.00
----------------	---------

**6. LONG-TERM DEBT**

The City's long-term debt is comprised of Kansas Water Pollution Control Revolving Fund (KWPCRF), which was used to finance the costs related to certain improvements of the City's sewer system, Public Water supply System Revenue Bonds, which were used to pay off an interim loan with the First National Bank of Kansas; and lease-purchase agreements, which were used to finance a police vehicle.

**Kansas Water Pollution Control Revolving Fund**

In December 1997, the City entered into a 20-year loan agreement with Kansas Department of Health and Environment for the construction of a fourth lagoon cell, including installation of necessary piping and control structures to permit the new cell to function as the first lagoon cell. The four-cell lagoon system design is based on a design flow rate of 89,600 gallons per day.

The amount of the loan is up to \$201,000 (\$25,718 outstanding at December 31, 2016) bearing interest at a rate of 3.22%, principal and interest payments made on a semiannual basis beginning one year after the completion of the project ranging from \$6,687 to \$6,719.

The City shall impose and collect such rates, fees and charges for the use of and services furnished by or through the System, including all improvements and additions through system revenues or levy ad valorem taxes, without limitation as to rate or amount upon all the taxable tangible property, real or personal, to produce amounts which are sufficient to pay the cost of operation and maintenance of the System, pay the principal and interest on the loan, and pay all other amounts due at any time under the loan agreement.

**Public Water Supply System Revenue Bonds, Series 2006**

On January 26, 2006, the City issued Public Water Supply System Revenue Bonds, Series 2006 in the amount of \$372,000 (\$337,000 outstanding at December 31, 2016), which were used to pay off the interim loan with First National Bank of Kansas. The interim loan with the Bank was used to initially finance the City's Rural Development Water System Project. The Bonds mature in 2046 and have a stated interest rate of 4.5%.

Changes in Long-Term Debt:

	Payable at 1/1/2016	Advances	Payments	Payable at 12/31/2016
KWPCRLF	\$ 37,974	\$	\$ 12,256	\$ 25,718
Revenue Bonds	<u>341,000</u>	<u></u>	<u>4,000</u>	<u>337,000</u>
	\$ <u>378,974</u>	\$ <u></u>	\$ <u>16,256</u>	\$ <u>362,718</u>

Interest Payments:

KWPCRLF	\$ 1,125
Revenue Bonds	<u>15,345</u>
	\$ <u>16,470</u>

Total Debt Service:

KWPCRLF	\$ 13,381
Revenue Bonds	<u>19,345</u>
	\$ <u>32,726</u>

Principal and interest payments of long-term debt are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 16,654	\$ 15,892	\$ 32,546
2018	18,064	15,301	33,365
2019	5,000	14,760	19,760
2020	6,000	14,535	20,535
Thereafter	<u>317,000</u>	<u>258,705</u>	<u>575,705</u>
	<u>\$ 362,718</u>	<u>\$ 319,193</u>	<u>\$ 681,911</u>

## 7. CONTRACTS

In 1994, the City entered into a 40-year agreement with Public Wholesale Water Supply District No. 12 (District) to purchase water up to 4,000,000 gallons of water per month and a guaranteed minimum of 2,000,000 gallons per month. Effective April 1, 2010, the City's guaranteed minimum decreased to 1,800,000 gallons per month. Effective November 1, 2013, the City began paying the District \$4.00 per 1,000 gallons and a minimum \$6,000 per month. In 2016 the City paid \$72,000 for 13,985,000 gallons of water used. The effective rate per 1,000 in 2016 was \$5.12.

In 1980, the City entered into a lease agreement with Unified School District No. 243 Lebo-Waverly, Coffey County, and Kansas which gives the School District the right to occupy and use the pool building in the City of Waverly. The agreement expires December 12, 2079.

The City leases an industrial building and appurtenant facilities to a local company for a monthly rental payment of \$2,100. The current lease is for a 5 year term and the lessee is responsible for all utilities, insurance, maintenance and property taxes.

In July 1995, the City entered into an agreement with Coffey County Fire District No. 1 of Coffey County, Kansas (Fire District) to establish a joint facility to serve all parties as fire station, city office building and community meeting room. The agreement will be in effect for a term of 99 years.

In February 2013, the City entered into an agreement with Allied Waste Services (Contractor) to provide residential solid waste collection services within the City for a period of 5 years, with an option to negotiate a three-year extension. The current Contractor charges for 5 years are as follows:

	8/1/2013	8/1/2014	8/1/2015	8/1/2016	8/1/2017
Base Rate	\$ 13.00	\$ 13.65	\$ 14.33	\$ 15.05	\$ 15.80
Billing Charge	\$ 1.00	\$ 1.00	\$ 0.97	\$ 0.95	\$ 1.00

## 8. PENSION PLAN

### General Information about the Pension Plan

*Plan description.* The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by KSA 74-4901, etc. seq. Kansas Law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at \_\_\_\_\_ or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* KSA 74-4919 and KSA 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2016. Effective January 1, 2016, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for Death and Disability Program) and the statutory contribution rate was 9.48% for the fiscal year ended December 31, 2016. Contributions to the pension plan from the City were \$7,395 for the year ended December 31, 2016.

### Net Pension Liability

At December 31, 2016, the City's estimated proportionate share of the collective net pension liability was \$71,519. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at \_\_\_\_\_ or can be obtained as described above.

## 9. COMPENSATED ABSENCES FOR EMPLOYEES

Each employee earns vacation for the years that the employee has been employed. The employee earns one week after their first year and until the end of their third year, two weeks in years four through seven, three weeks in years eight through twelve, and four weeks after twelve years.

Effective January 1, 2002, new employees will accumulate one-half of a day of sick leave per month for three years. At the third anniversary of the employee's start date, the employee shall accumulate one day per month up to 90 days, including those days accumulated the first three years.

#### 10. INTERFUND TRANSFERS

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Capital Improvement Fund	\$ 10,000	\$
Equipment Reserve Fund	16,000	
Water Fund		5,000
Sewer Fund		8,000
General Fund	21,500	13,000
Trash Fund		21,500
	<u>\$ 47,500</u>	<u>\$ 47,500</u>

#### 11. CONCENTRATIONS OF CREDIT RISK

The City is engaged in the sale of water, sewer and sanitation to customers located in Coffey County in Kansas. The City grants credit to those customers and requires no collateral. The City had ten customers that accounted for 22% of the 2016 water gallons sold.

#### 12. GRANT FUNDS

The City receives infrastructure and park and recreation money from Coffey County for improvements. In 2016, the City received \$22,973, which was recorded in the Park & Recreation Fund and \$127,436, which was recorded in the Infrastructure Fund. The City has designated the following funds, which are estimates only, for capital improvements:

	<u>Infrastructure</u>
Waterline project	\$ 220,000
Bridges	105,000
Miscellaneous	15,815
Undesignated Funds	336,323
	<u>\$ 677,138</u>

### 13. COMPLIANCE WITH KANSAS LAW

Kansas statutes require that fixed budgets be legally adopted for special revenue and enterprise funds. References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the City. There were no apparent statutory violations during the year ended December 31, 2016 for the funds that were part of this audit.

### 14. RELATED PARTY TRANSACTIONS

The City's deposits are with a local financial institution which is owned by the Mayor.

### 15. RISK MANAGEMENT

The City is subjected to various risks, including liability, workers' compensation, property, etc. The City insures these risks through Employers Mutual Casualty Company.

### 16. LITIGATION

The City was not involved in any litigation at December 31, 2016.

### 17. SUBSEQUENT EVENTS

Management is not aware of any other subsequent events from the financial statement date through March 31, 2017, the date at which these financial statements were available to be issued, and determined there are no other items to disclose.

\* \* \* \* \*

# CITY OF WAVERLY, KANSAS

## SCHEDULE OF EXPENDITURES - ACTUAL AND BUDGET YEAR ENDED DECEMBER 31, 2016

	<u>Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
General Fund	\$ 174,020	\$ 271,500	\$ 97,480
Special Revenue Funds:			
Special Highway Fund	15,611	36,000	20,389
Economic Development Fund	14,585	90,000	75,415
Park & Recreation Fund	31,715	42,000	10,285
Capital Project Funds:			
Infrastructure Fund	69,158	495,000	425,842
Heck Addition Fund	1,904	24,000	22,096
Enterprise Funds:			
Water Fund	162,254	223,705	61,451
Sewer Fund	61,584	88,000	26,416
Solid Waste Fund	62,400	62,500	100
Total Budgeted Funds	593,233	\$ <u>1,332,705</u>	\$ <u>739,472</u>
Nonbudgeted Funds:			
Capital Improvement Fund	5,040		
Equipment Reserve Fund	18,079		
Total Expenditures	\$ <u>616,351</u>		



**CITY OF WAVERLY, KANSAS**

**GENERAL FUND**

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
YEAR ENDED DECEMBER 31, 2016**

	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2016 Budget</b>	<b>Variance Favorable (Unfavorable)</b>
<b>CASH RECEIPTS:</b>				
State and County Taxes	\$ 134,999	\$ 131,801	\$ 139,404	\$ (7,603)
Interest	3,399	4,986	1,500	3,486
Utility Franchise Taxes	36,462	35,415	42,000	(6,585)
Fines and Fees	568	109	1,300	(1,192)
Licenses	1,169	1,069	1,200	(131)
Transfers in	-	21,500	22,500	(1,000)
Miscellaneous	13,012	3,302	6,500	(3,198)
Total Cash Receipts	189,608	198,183	\$ 214,404	\$ (16,221)
<b>EXPENDITURES:</b>				
Personal Services	64,406	65,602	\$ 83,000	\$ 17,398
Insurance	28,213	21,869	26,000	4,131
Contractual Services	12,013	31,244	13,500	(17,744)
Commodities	9,364	6,287	6,500	213
Law Enforcement	5,906	2,312	13,000	10,688
Street Lighting	18,421	20,461	20,000	(461)
Professional Services	8,090	4,734	11,000	6,267
Public Parks & Building Expense	16,242	5,085	17,500	12,415
Principal and Interest Payments	-	-	20,000	20,000
Capital Outlay	-	-	10,000	10,000
Other	4,074	3,425	30,000	26,575
Transfer	3,000	13,000	21,000	8,000
Total Expenditures	169,730	174,020	\$ 271,500	\$ 97,480
Receipts over (under) expenditures	19,878	24,163		
Unencumbered cash, beginning balance	93,341	113,219		
Unencumbered cash, ending balance	\$ 113,219	\$ 137,382		

**CITY OF WAVERLY, KANSAS**

**SPECIAL HIGHWAY FUND**

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**YEAR ENDED DECEMBER 31, 2016**

	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>	<u>2016</u> <u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>CASH RECEIPTS:</b>				
County and State Taxes	\$ 14,959	\$ 15,017	\$ 15,010	\$ 7
Total Cash Receipts	14,959	15,017	\$ 15,010	\$ 7
<b>EXPENDITURES:</b>				
Personal Services	9,967	8,666	\$ 14,000	\$ 5,334
Commodities	4,109	6,945	5,000	(1,945)
Capital Outlay	-	-	17,000	17,000
Total Expenditures	14,076	15,611	\$ 36,000	\$ 20,390
Receipts over (under) expenditures	884	(593)		
Unencumbered cash, beginning balance	22,016	22,900		
Unencumbered cash, ending balance	\$ 22,900	\$ 22,307		

**CITY OF WAVERLY, KANSAS**

**ECONOMIC DEVELOPMENT FUND**

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**YEAR ENDED DECEMBER 31, 2016**

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2016 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH RECEIPTS:</b>				
Rent	\$ 25,200	\$ 25,200	\$ 28,000	\$ (2,800)
Other	-	-	-	-
Interest Income	-	-	-	-
Total Cash Receipts	25,200	25,200	\$ <u>28,000</u>	\$ <u>(2,800)</u>
<b>EXPENDITURES:</b>				
Contractual	-	-	\$ -	\$ -
Commodities	-	-	-	-
Capital Outlay	2,563	10,437	30,000	19,563
Economic Development Project	-	-	40,000	40,000
Other	1,382	1,548	10,000	8,452
Personal Services	2,004	2,600	10,000	7,400
Total Expenditures	5,950	14,585	\$ <u>90,000</u>	\$ <u>75,415</u>
Receipts over (under) expenditures	19,250	10,615		
Unencumbered cash, beginning balance	102,501	121,751		
Unencumbered cash, ending balance	\$ <u>121,751</u>	\$ <u>132,366</u>		

**CITY OF WAVERLY, KANSAS**

**PARK AND RECREATION FUND**

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**YEAR ENDED DECEMBER 31, 2016**

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2016 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH RECEIPTS:</b>				
Coffey County Grant	\$ 22,973	\$ 22,973	\$ 22,973	\$ -
Alcohol Tax	-	-	-	-
Reimbursements	-	-	4,000	(4,000)
Park & Recreation Receipts	<u>9,736</u>	<u>9,521</u>	<u>15,000</u>	<u>(5,479)</u>
Total Cash Receipts	32,708	32,493	<u>\$ 41,973</u>	<u>\$ (9,479)</u>
<b>EXPENDITURES:</b>				
Personal Services	26,066	22,604	\$ 19,000	\$ (3,604)
Contractual	-	150	-	(150)
Insurance	-	-	9,000	
Parks and Recreation	5,483	8,962	8,000	(962)
Public Parks and Buildings	911	-	-	-
Capital Outlay	-	-	2,000	2,000
Commodities	56	-	-	-
Other	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Total Expenditures	<u>32,516</u>	<u>31,715</u>	<u>\$ 42,000</u>	<u>\$ 1,285</u>
Receipts over (under) expenditures	193	778		
Unencumbered cash, beginning balance	<u>234</u>	<u>427</u>		
Unencumbered cash, ending balance	<u>\$ 427</u>	<u>\$ 1,204</u>		

**CITY OF WAVERLY, KANSAS**

**WATER FUND**

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**YEAR ENDED DECEMBER 31, 2016**

	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2016 Budget</b>	<b>Variance Favorable (Unfavorable)</b>
<b>CASH RECEIPTS:</b>				
Water Sales	\$ 147,623	\$ 142,668	\$ 180,000	\$ (37,332)
Special Charges	687		3,000	(3,000)
Water Sales - Bulk	776	903	3,000	(2,097)
Late Fees	3,846	3,774	4,000	(226)
Connecting Fees			1,500	(1,500)
Water Deposits	1,700	2,100	1,500	600
Interest			-	-
Total Cash Receipts	154,632	149,445	\$ 193,000	\$ (43,555)
<b>EXPENDITURES:</b>				
Personal Services	44,590	48,116	\$ 42,000	\$ (6,116)
Contractual	15,019	14,026	12,000	(2,026)
Commodities	3,423	2,667	10,000	7,333
Capital Outlay	-	-	35,000	35,000
Water Deposit Refunds	1,100	1,100	15,000	13,900
Water Purchases	72,000	72,000	80,000	8,000
Water Project - Principal	4,000	4,000	4,000	-
Water Project - Interest	15,525	15,345	15,705	360
Other	96		5,000	5,000
Transfer		5,000	5,000	-
Total Expenditures	155,752	162,254	\$ 223,705	\$ 61,451
Receipts over (under) expenditures	(1,120)	(12,809)		
Unencumbered cash, beginning balance	76,786	75,666		
Unencumbered cash, ending balance	\$ 75,666	\$ 62,857		

# CITY OF WAVERLY, KANSAS

## WATER RESERVE FUND

### SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL YEAR ENDED DECEMBER 31, 2016

---

	<u>2015 Actual</u>	<u>2016 Actual</u>
<b>CASH RECEIPTS:</b>		
Water Sales	\$ 6,362	\$ 6,268
Other		
	<hr/>	<hr/>
Total Cash Receipts	6,362	6,268
<b>EXPENDITURES:</b>		
Capital Outlay	-	-
	<hr/>	<hr/>
Total Expenditures	-	-
	<hr/>	<hr/>
Receipts over (under) expenditures	6,362	6,268
Unencumbered cash, beginning balance	<hr/> 115,370	<hr/> 121,732
Unencumbered cash, ending balance	\$ <u><u>121,732</u></u>	\$ <u><u>128,000</u></u>

**CITY OF WAVERLY, KANSAS**

**SEWER FUND**

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
YEAR ENDED DECEMBER 31, 2016**

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2016 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH RECEIPTS:</b>				
Special Charges	\$ -	\$ -	\$ 800	\$ (800)
Sewer Charges	<u>54,404</u>	<u>52,959</u>	<u>65,000</u>	<u>(12,041)</u>
Total Cash Receipts	54,404	52,959	\$ <u>65,800</u>	\$ <u>(12,841)</u>
<b>EXPENDITURES:</b>				
Personal Services	32,677	34,819	\$ 30,000	\$ (4,819)
Employee Benefits			-	-
Contractual	3,530	4,780	-	(4,780)
Commodities	1,577	605	-	(605)
Principal Payments	11,871	12,256	12,256	-
Interest Payments	1,510	1,125	1,125	-
Capital Outlay	-	-	36,619	36,619
Miscellaneous	-	-	-	-
Transfer	<u>-</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Total Expenditures	<u>51,165</u>	<u>61,584</u>	\$ <u>88,000</u>	\$ <u>26,416</u>
Receipts over (under) expenditures	3,240	(8,625)		
Unencumbered cash, beginning balance	<u>74,244</u>	<u>77,484</u>		
Unencumbered cash, ending balance	\$ <u>77,484</u>	\$ <u>68,858.75</u>		

**CITY OF WAVERLY, KANSAS**

**SOLID WASTE FUND**

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
YEAR ENDED DECEMBER 31, 2016**

	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2016 Budget</b>	<b>Variance Favorable (Unfavorable)</b>
<b>CASH RECEIPTS:</b>				
Solid Waste Charges	\$ 40,731	\$ 41,724	\$ 45,000	\$ (3,276)
Total Cash Receipts	40,731	41,724	\$ 45,000	\$ (3,276)
<b>EXPENDITURES:</b>				
Contractual	37,410	40,379	\$ 40,000	\$ (379)
Capital Outlay	-	-	-	-
Commodities	555	521	-	(521)
Transfer		21,500	22,500	1,000
Total Expenditures	37,965	62,400	\$ 62,500	\$ 100
Receipts over (under) expenditures	2,766	(20,676)		
Unencumbered cash, beginning balance	28,087	30,853		
Unencumbered cash, ending balance	\$ 30,853	\$ 10,177		



# CITY OF WAVERLY, KANSAS

## CAPITAL IMPROVEMENT FUND

### SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

YEAR ENDED DECEMBER 31, 2016

	2015 Actual	2016 Actual
<b>CASH RECEIPTS:</b>		
Donations	\$ -	\$ -
Interest income	-	-
Grant	-	-
Transfer	3,000	10,000
Total Cash Receipts	3,000	10,000
<b>EXPENDITURES:</b>		
Commodities	4,934	2,324
Other	529	858
Capital Outlay	4,821	1,858
Total Expenditures	10,284	5,040
Receipts over (under) expenditures	(7,284)	4,960
Unencumbered cash, beginning balance	250,301	243,017
Unencumbered cash, ending balance	\$ 243,017	\$ 247,977

# CITY OF WAVERLY, KANSAS

## EQUIPMENT RESERVE FUND

### SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL YEAR ENDED DECEMBER 31, 2016

	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
<b>CASH RECEIPTS:</b>		
Other	\$ 9,100	\$ -
Transfers	<u>-</u>	<u>16,000</u>
Total Cash Receipts	9,100	16,000
<b>EXPENDITURES:</b>		
Contractual	56,570	2,039
Commodities	9,559	6,341
Capital outlay	<u>-</u>	<u>9,699</u>
Total Expenditures	<u>66,129</u>	<u>18,079</u>
Receipts over (under) expenditures	(57,029)	(2,079)
Unencumbered cash, beginning balance	<u>135,704</u>	<u>78,675</u>
Unencumbered cash, ending balance	\$ <u><u>78,675</u></u>	\$ <u><u>76,596</u></u>

**CITY OF WAVERLY, KANSAS**

**INFRASTRUCTURE FUND**

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**YEAR ENDED DECEMBER 31, 2016**

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2016 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH RECEIPTS:</b>				
Coffey County Grant	\$ 127,436	\$ 127,436	\$ 127,436	\$ -
Total Cash Receipts	127,436	127,436	\$ 127,436	\$ -
<b>EXPENDITURES:</b>				
Personal Services	1,775	5,183	\$ -	\$ (5,183)
Contractual	-	-	-	-
Commodities	-	-	-	-
Transfers	-	-	-	-
Capital Outlay	-	63,975	495,000	431,025
Total Expenditures	1,775	69,158	\$ 495,000	\$ 425,842
Receipts over (under) expenditures	125,661	58,278		
Unencumbered cash, beginning balance	493,199	618,860		
Unencumbered cash, ending balance	\$ 618,860	\$ 677,138		

**CITY OF WAVERLY, KANSAS**

**HECK ADDITION FUND**

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
YEAR ENDED DECEMBER 31, 2016**

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2016 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH RECEIPTS:</b>				
Heck Lots Sold	\$ -	\$ -	\$ 10,000	10,000
Rents	<u>1,200</u>	<u>1,200</u>	<u>12,000</u>	\$ <u>10,800</u>
Total Cash Receipts	1,200	1,200	\$ <u><u>22,000</u></u>	\$ <u><u>20,800</u></u>
<b>EXPENDITURES:</b>				
Personal Services	2,512	1,904	\$ 2,000	\$ 96
Professional Services	-	-	-	-
Contractual	-	-	-	-
Commodities	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>22,000</u>	<u>22,000</u>
Total Expenditures	<u>2,512</u>	<u>1,904</u>	\$ <u><u>24,000</u></u>	\$ <u><u>22,096</u></u>
Receipts over (under) expenditures	(1,312)	(704)		
Unencumbered cash, beginning balance	<u>2,976</u>	<u>1,665</u>		
Unencumbered cash, ending balance	\$ <u><u>1,665</u></u>	\$ <u><u>960</u></u>		

**CITY OF WAVERLY, KANSAS**

**SCHEDULE OF STATISTICS  
YEARS ENDED DECEMBER 31, 2008-2016**

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>WATER</b>									
Number of Meters	330	330	330	330	330	330	330	330	330
Gallons of water sold	13,833,039	13,728,450	14,361,600	14,098,226	13,637,435	12,179,200	12,141,779	12,166,200	11,070,800
Gallons of water purchased	15,120,000	15,380,000	16,494,000	16,323,000	16,460,000	18,329,000	15,833,000	14,058,000	13,985,000
Water loss %	8.51%	10.74%	12.93%	13.63%	17.15%	33.55%	23.31%	13.46%	20.84%
Average gallons sold per customer per month	3,493	3,467	3,627	3,560	3,444	3,076	3,066	3,072	2,796
Water sale per customer per month	\$39	\$37	\$39	\$39	\$41	\$38	\$38	\$39	\$38
Water sale per 1,000 gallons	\$10.42	\$10.21	\$10.72	\$10.64	\$11.23	\$10.33	\$10.39	\$10.60	\$10.26
<b>OTHER</b>									
Population	586	586	586	592	592	592	592	592	592
Valuation	\$2,526,449	\$2,565,085	\$2,515,679	\$2,528,152	\$2,541,635	\$2,542,366	\$2,536,735	\$2,533,283	\$2,484,879
Mill Levy	42.294	42.243	42.243	43.740	43.728	44.862	45.369	47.264	48.701
Ad Valorem Taxes Collected	\$105,107	\$105,562	\$104,010	\$108,794	\$109,404	\$112,747	\$114,641	\$114,641	\$117,107

# **CITY OF WAVERLY, KANSAS**

## **MAYOR AND CITY COUNCIL**

**DECEMBER 31, 2016**

---

<u>Position</u>	<u>Name</u>	<u>Term Expires</u>
Mayor	Craig Meader	2019
1	Jerry Collins	2019
2	Taylor Everhart	2017
3	Tammy White	2019
4	Kevin McMillen	2017
5	Nicole Rasmussen	2019

# **CITY OF WAVERLY, KANSAS**

## **INSURANCE IN FORCE YEAR ENDED DECEMBER 31, 2016**

<b>Policy Type</b>	<b>Expiration Date</b>	<b>Company</b>	<b>Annual Premium</b>	<b>Amount of Coverage</b>	<b>Description</b>
General Liability	4/1/2017	Employers Mutual Casualty Company (EMCC)	\$1,772	1,000,000	Aggregate limit
				100,000	Property damage limit
				500,000	Personal injury limit
				500,000	Advertising injury limit
				5,000	Medical expense
Commercial Property	4/1/2017	EMCC	\$18,361	2,610,485	Building and personal property
Linebacker	4/1/2017	EMCC	\$1,801	1,000,000	Each loss
Law Enforcement			\$750	2,000,000	Aggregate
Cybersolutions			\$921		
Workers' Compensation	4/1/2017	EMCC	\$4,043	500,000	Bodily injury by accident
				500,000	Bodily injury by each employee
				500,000	Bodily injury by policy limit
Business Auto	4/1/2017	EMCC	\$3,260	500,000	Liability
				500,000	Uninsured motorists
				500,000	Underinsured motorists
Inland Marine	4/1/2017	EMCC	\$1,621	180,319	Contractors' equipment